



# Measuring Economic Development in a COIN Environment

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**H**OW DO YOU measure economic development progress in a counterinsurgency (COIN) campaign? Clearly, one should conduct some sort of rigorous assessment to answer this imposing question. Everyone up the chain of command, all the way to congressional appropriators, demands assessments of COIN actions—and rightfully so. In simple terms, we all want to know if what we are doing (and paying for) is working.

When the 25th Infantry Division served in Iraq as the headquarters for Multi-National Division-North (MND-N) from December 2008 to December 2009, the staff implemented a new concept known as OTES. Pronounced “Otis,” it stands for Operations, Targeting, and Effects Synchronization.<sup>1</sup> Division staff members worked in one of four “enduring effects work groups,” one group for each line of effort in the campaign plan: security, governance, economics, and Iraqi Security Forces. The economics work group, charged with developing the commercial landscape of northern Iraq, grappled with how to assess economic progress and gauge the impact of our command’s initiatives.

We thought about assessments from the U.S. and Iraqi perspectives: was U.S. money spent on U.S. initiatives making a difference for Iraqis; and, was U.S. money, coupled with Iraqi money and effort and spent on Iraqi initiatives, making a difference for Iraqis? As we began to think about the problem, we speculated on Iraqi perceptions. If an Iraqi made more money in the present than in the past, would he consider himself better off economically? The easy answer would seem to be “yes.” However, what if the Iraqi’s salary went up 10 percent but the prices of consumer goods rose 20 percent? Or fuel prices rose 20 percent? Or the extortion costs to stay safe in business rose 20 percent? Clearly, the friction of war makes the difficult job of assessing economic health even harder. What pieces of information are most important—actual costs? attitudes? safety? job availability? access to job training? Measuring such things in a country emerging from regime change, wrestling with democracy, sitting on the world’s fourth largest oil reserve, suffering in the midst of sectarian violence, and lagging behind the rest of the world in education and training was concerning.<sup>2</sup> We postulated that these

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*PHOTO: A Baghdad restaurant owner thanks MAJ Sharon Falke for the \$2,500 grant that restored his business, 8 August 2007, U.S. Army.*

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outside, yet real, factors would skew the results of our actions, even though the same initiatives are the ingredients for positive results in COIN doctrine.<sup>3</sup> The friction cannot be underestimated. It makes the task of assessment quite complex.

The most difficult task in measuring economic development is simply gaining access to reliable data. In the United States, researchers often commission a survey designed to gather the target data (such as a written survey, personal interview, focus group discussion, phone survey, etc.) All of these methods become more difficult in a foreign country where travel and trust are major issues. Throw in the dynamics of COIN, sectarian violence, and hostility, and one has a recipe for unreliable results. Thus, determining if a certain economic strategy is working requires patience, tolerance of ambiguity, and collaboration across cultural chasms between the Department of Defense and other U.S. agencies.

## **Operational and Tactical Measures of Economic Progress**

Organizations that survey extensively (such as Gallup) are not common in the Middle East, so contractors are often hired to perform necessary survey-related functions in COIN environments. The division staff had little control over how it received data, except for that collected through busy subordinate units. We relied on data pushed to us from the corps headquarters, which contracted Gallup workers, and we sought data from our U.S. interagency partners. This proved difficult.

The hurdles to gain access to data from our interagency partners grew as we navigated through the U.S. bureaucracy. For example, we wanted to contact the U.S. Agency for International Development (USAID) to find out how many jobs they created across MND-N. We first posed the question using military liaison officer channels, but were told such information did not exist. We then asked USAID contacts we had cultivated while

working with provincial reconstruction teams. We learned that USAID had at least eight (if not more) implementing partners. Each partner had different rules governing the release of information outside the reporting channels agreed upon in their respective government contracts.

This is not a criticism of USAID but rather of U.S. government bureaucracy. USAID has done superb work in Iraq and has achieved tremendous tangible results. The problem lies mired in a lack of policy at the national level. While much of the national security strategy speaks of cooperation and coordination among government agencies, the execution of this strategy is not well developed. No central hub for economic information sharing exists, so we were unable to access economic development data representing the work of all U.S. government entities operating in Iraq.<sup>4</sup>

The Soldiers of the 25th Infantry Division and attached units (Task Force Lightning) provided or enabled a secure environment in northern Iraq that supported projects of USAID and numerous other governmental and nongovernmental agencies. Indeed, they could not have completed their projects without our help. Task Force Lightning was jointly responsible for creating the conditions to enable jobs. To provide higher headquarters accurate assessments of the effects of military engagements, we needed a picture of all U.S. government efforts to create employment in MND-N. We did not endeavor to take credit for the jobs created by USAID or any other U.S. government entity, but to give an accurate picture, we needed the sum total of success between Task Force Lightning and interagency partners. However, the opacity of employment data in the battle space from those partners precluded this. Obtaining accurate data through collaboration with other agencies proved difficult, if not impossible.

We based our assessments largely on the polls conducted by higher headquarters; however, corps did not afford us transparent knowledge of



U.S. Army, SSG Raul Elliott

**A Multi-National Division-North Provincial Reconstruction Team member signs over several truckloads of books to Iraqi Security Forces for distribution at local elementary-level schools in Salah ad Din Province, Iraq, 31 March 2009.**

the polling method or data we received. Corps had contracted with an international polling organization, which subcontracted down through several levels and ended up employing local Iraqis as pollsters. Under prevailing wisdom, using Iraqis to gather data from other Iraqis would engender the trust necessary for candor in answering questions. While we certainly saw the logic in this argument, we had no information to gauge whether the conventional wisdom was correct. Too many factors were uncontrollable and likely unknowable. How were the pollsters trained? What kind of quality control did the polling contractor exercise? What kind of quality control did corps exercise? Clearly, Iraqi answers might be different depending on how the subcontractors posed the questions, but were the subcontractors savvy enough to have taken cultural norms and biases into account?

We were concerned not only with how the poll was conducted, but also with its timing. If the survey followed an incident involving loss of Iraqi life (intended or not), the responses might be biased.

For example, if an insurgent bombed a marketplace, besides killing innocent victims, damaging physical structures, and disrupting commerce, the event could also quell activity at nearby markets. Because of the bombing, shopkeepers might change their hours and residents might change their route to work and corresponding shopping habits.

We were also unsure if the respondents were a demographically representative sample. Was there an appropriate mix of urban and rural citizens? Did pollsters survey citizens in their homes or at a central hub?

We anticipated that all hostile acts, large or small, taken in total, would have a chilling effect on consumer behavior, business development, and the economy writ large. Did the survey accurately capture total effects?

Our analytical process also looked at subjective data gathered by provincial reconstruction team partners from the State Department, the Department of Agriculture, the Department of Justice, and from other U.S. government agencies such as the



Department of Energy. Unlike the Department of Defense (DOD), which is partial to objective data, the Department of State seems to prefer subjective prose. Both departments' methods have advantages and disadvantages. No consensus existed on how to merge the data.

Additionally, the various cabinet departments and their representatives doing work in Iraq reported their accomplishments through separate channels. While every agency seemed to be doing yeoman's work, it was not always coordinated. Agencies at all levels tried to be more collaborative, but these efforts were not officially mandated until late in our deployment. Even then, the collaboration was embryonic and somewhat erratic. It was like a football team conducting pregame warm-ups with several offensive configurations. Each offensive unit might perform an effective pregame routine, but when the game starts the team can only win with one well-coordinated offense and one head coach.

For example, when USAID spent U.S. dollars through one of its many programs to benefit a particular economic sector, it did not always communicate this to DOD or other U.S. agencies (nor was it required to). When our brigades gathered

data about economic progress, they might report the results of a USAID project through military channels without knowing the source of its funding. Consequently, the results were rolled into military reports and were double-counted through separate channels. While the results were good, the accounting methodology was not.

We colloquially called this phenomenon "informational stovepiping." Each agency gathers and analyzes data and makes recommendations to its respective superiors. Interestingly, multiple agencies analyze the same common data sources and produce reports with the same data, filtered through different people, determining different results, with no "honest broker" to note discrepancies. Officials in theater and Washington made decisions bearing on our mission in Iraq using this imperfect system. Recommendations flowing through the division commander to U.S. Central Command may have resulted from a slightly different analysis of the same or similar information as recommendations that went to the U.S. ambassador. This situation risks different decision makers in Washington receiving different (or perhaps worse—double counted) information stemming from the same events on the ground.



U.S. Army

Members of a provincial reconstruction team speak with the local sheik about development plans for the Taji Market in Iraq, 25 June 2008.

A political advisor assigned from the U.S. embassy could have helped in overcoming the informational stovepiping, but did not arrive at MND-N until several months into our deployment. The previous division in command of MND-N, 1st Armored Division, did not have a political advisor for at least the last three to four months of its rotation. Such an advisor is a likely windfall of information and an efficiency multiplier for the command. Based solely on our experiences in MND-N, however, one might conclude that a political advisor was not necessary to assist in understanding and reporting economic effects in a counterinsurgency fight.

The political advisor is in the unique position to coordinate directly with the Department of State, but has no written policy regarding channels of coordination related to economic development. Neither does the military have any doctrine regarding the utilization of a political advisor other than the broad statement in Field Manual 3-24, *Counterinsurgency*: “The political advisor’s job is to help shape the environment.”<sup>5</sup> Our political advisor did an admirable job. The problem is that no formal mechanism for collaboration exists between DOD and the Department of State at the division level. There is no Department of State equivalent to the division commander. (Also, the Department of State provided no economic advisor—only a political advisor.) Our division commander did a fantastic job of collaborating, but he made it happen through his own energy and not through any official expectation of synchronized effort. Through his guidance, we collaborated with outside sources that generously provided economic development data (in addition to invaluable input from our own brigades). We collaborated directly with the U.S. Embassy economics section, the Office of Provincial Affairs, the U.S. Department of Commerce, and various other U.S. government sources through our internal efforts—not doctrine, not policy, and not execution orders through higher military channels.

## Analytical Considerations and Efforts

Aside from our reporting channels and collaboration initiatives, what other factors should we have considered in our analysis? We did not

consider access to health care and how that may have affected the economic wellbeing of our operating environment. We marginally considered environmental factors and spent much energy trying to discover information about recycling. We found that recycling had been studied, which resulted in a funded project (and even an article in a military-related publication). However, when we followed up on the project to evaluate its impact on the community, we found that it had been abandoned.<sup>6</sup>

Unfortunately, this experience proved typical. Both military and civilian organizations would diligently launch well-intentioned projects that were not monitored or followed up.<sup>7</sup> Moreover, “lessons learned,” an ingrained concept in the military to capture and disseminate valuable lessons, did not readily offer economic development success stories at the strategic or operational level. We practiced a new “rapid adaptation initiative” across our operating area to swiftly share best practices, but we did not have the historic perspective to inform and shape our approach and subsequently measure economic development. We conducted biweekly meetings with the provincial reconstruction teams (five in MND-N) and subordinate brigades to share economic and governance-related activities and effects, but we had no liaison with larger strategic efforts from other agencies that might be affecting economic development in our area. We had no information from higher to give us a clear common operating picture of accomplishments by the World Bank, the United Nations, nongovernmental organizations, or even DOD-sponsored third parties. This lack of information left a gap of knowledge for analyzing economic development in northern Iraq.

Our brigades disbursed Commanders Emergency Response Program (CERP) monies as directed by law for such things as short-term employment programs that contributed to the environmental health of the community (e.g., trash pick-up, and more elaborate trash collection systems involving much effort and engineering between Iraqi and U.S. personnel). This effort took monumental amounts of time, money, and man-hours and had a significant effect in several provinces. While expensive, it was one of the tangible good news stories from a whole-of-government collaboration. For example, such an effort occurred in Mosul through the collaborative efforts of U.S.

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military forces, Iraqi forces, and community leaders working tirelessly under dangerous conditions to make Mosul a cleaner and safer place. Since healthy communities are more likely to work, consume, and produce, it made sense to collect data and assess whether or not our collaborative efforts were having a positive effect on the economy. Unfortunately, we did not have enough granularity in our collection methodology to analyze the deep effects of these projects. We looked at short-term employment and decreased violence. One might wonder, in light of the stovepipes mentioned previously, how many effects were double-counted or not considered at all.

In addition, we did not look in depth at youth initiatives—sports, arts, and life-skills programs—and how those affected the local economy. Our brigades and USAID were involved in youth initiatives in direct and positive ways, yet we did not have anything other than anecdotal evidence on how such actions affected the local economy. We had data on employment numbers (short-term jobs) and the number of participants. Perhaps getting a young adult (13 to 15 years old) involved in sports or the arts could change the focus of that person and those he influenced from participating in the insurgency to participating in the local economy, but we did not gather any data to find out the attitudes of young adults involved in sports or the arts. We collected data from our brigades on increasing or decreasing violence in their respective areas of responsibility. However, we had no data to indicate that the money spent on sports and arts decreased violence, increased retail market activity, or influenced any other economic indicator. We believed that the two were tied together (based on assessments from operators on the ground), but we had no empirical data to turn this assumption into a fact. This presents a Catch-22 dilemma—on one hand, the counterinsurgency manual cautions against relying too heavily on numbers; yet on

the other hand, we (the military institution, writ large) must present data to the appropriators and government accounting officials in D.C. to ensure value comes from dollars spent.

Because dollars for national defense increasingly reflect a whole-of-government approach, it is vital for analysts at divisions and corps to account for the activities of all actors in a given area of operations. As we stated above, youth initiatives aim to influence the recruiting base for insurgents—the host nation’s youth. In many instances, several actors were simultaneously focusing on programs for this young adult repository of enemy recruiting. Again, good programs began because of assessments shared through stovepiped chains, making it difficult for us to gauge the impact we were having and difficult for decision makers in Washington to fully appreciate the whole-of-government effect on the Iraqi economy.

Since many young adults (among other groups of the population) were out of work, we conducted a weighted analysis on unemployment numbers and underemployment estimates. Yet we had vastly different statistics from different sources (e.g., United Nations, The World Bank, USAID, corps studies, etc.). In fact, the data was so wildly varied (18 to 65 percent unemployment) it was difficult to come to any meaningful conclusions. We surmised that one of the reasons for the large variation included differing definitions of “unemployed” among Western, Iraqi, World Bank, and United Nations analysts. The definition of “underemployed” proved tricky, as well. (Does “underemployed” mean a credentialed physician employed as a dishwasher? Or does “underemployed” mean a capable employee working 20 hours per week instead of 40 hours per week?) Additionally, we had to juxtapose our conclusions against the common Iraqi perception that working on a public works project was still



U.S. Army

**A mortar section leader for Company B, 1st Battalion, 27th Infantry Regiment “Wolfhounds,” 2nd Stryker Brigade Combat Team “Warrior,” 25th Infantry Division, Multi-National Division – Baghdad, purchases bananas while patrolling a village in the Istaqal Qada, northeast of Baghdad, ensuring that residents are able to conduct business without fear of criminal activity, 27 July 2008.**

“unemployed” or “underemployed” because the employer was not the Iraqi government. Obviously, employment and unemployment statistics were precarious bits of data on which to base conclusions.

From the polling results, we also analyzed perceptions of salary, security, and government assistance for job creation. We routinely cross-referenced these results with subjective assessments from the provincial reconstruction teams. One of the problems we saw with this methodology was that the teams reported anecdotal evidence they gathered in areas to which they had full access (at least for 11 of the 12 months of our rotation). The reports did not include data from provincial areas to which they had no access—presumably areas to which the Gallup pollsters might freely travel. Thus, our analysis was not a true composite representation because it lacked comparable access to all areas.

## Conclusions and Recommendations

Nevertheless, we used the available data gathered by resources on hand to come up with conclusions and recommendations for our command. We

shared the data with our brigades and provincial reconstruction team partners. Clearly, had we been able to access more raw data from other governmental and nongovernmental agencies, we could have refined our conclusions. We believe such access will enable future staff officers to make better recommendations for command decisions.

In retrospect, even without that access, we could improve our methodology. How do we better deal with constraints hampering meaningful assessments? We could use different metrics. We could measure the percentage of progress on all projects in our operational area, whether funded by the U.S. military (using CERP dollars) or by other agencies. We could rely solely on provincial reconstruction team and subordinate brigade reports. We could rely solely on the polling data. We recommend, however, a hybrid of all of these sources, and integrated statistics from other U.S. agencies and international agencies.

Before we departed Iraq, the corps commander and the ambassador directed us to work with all the provincial reconstruction teams in MND-N to



develop a unified common plan. Collaborating on the unified common plan proved to be an excellent beginning to facilitate sharing information in the future. However, because it does not apply to USAID, USDA, other agencies, and DOD organizations at higher levels, it will not create a culture change for the efficient sharing of information. We recommend that all agencies involved in funding economic development in stability operations develop a unified common plan endorsed at the departmental level.

We acknowledge that we can never expect to collect perfect data. In a COIN environment, friction will always play a factor. Not only is it difficult to collect information in a hostile operating

environment, but also to collaborate with U.S. government agencies who are not accustomed or required to share information with the military. To compensate for this tendency, we recommend continuing the conversation at Joint and agency levels to share data related to funding economic development projects.

We also recommend some entity (we called it “joint interagency economic development” in our conversations) be commissioned as a data collector, data repository, and central think tank to guide the planning, execution, and assessment of economic development in the COIN environments of the future. **MR**

## NOTES

1. See the article discussing the genesis and implementation of the “OTES” concept in *Military Review*, May-June 2010: “The Operations, Targeting, and Effects Synchronization Process in Northern Iraq,” by LTG Robert L. Caslen, Jr., COL Thomas P. Guthrie, and MAJ Gregory L. Boylan.

2. U.S. Energy Information Administration, International Energy Statistics website, <[http://tonto.eia.doe.gov/country/country\\_energy\\_data.cfm?tips=I2](http://tonto.eia.doe.gov/country/country_energy_data.cfm?tips=I2)> (10 April 2010).

3. “COIN forces succeed by eliminating turbulence and helping the host nation meet the populace’s basic needs. . . . Success requires military forces engaged in COIN operations to . . . conduct or participate in political, social, informational, and economic programs.” U.S. Army Field Manual 3-24/MCWP 3-33.5, *Counterinsurgency* (Washington DC: U.S. Government Printing Office, 15

December 2006), para. 2-6, 2-2.

4. The SIGIR (Special Inspector General for Iraq Reconstruction) reports provided much information and were a potential data source, but they were hampered by the same statistical obstacles we highlight in this paper.

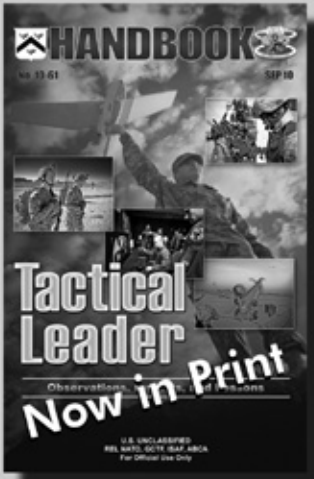
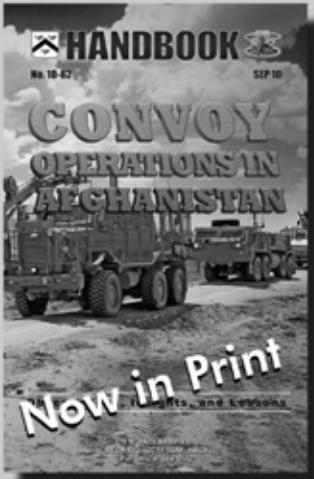
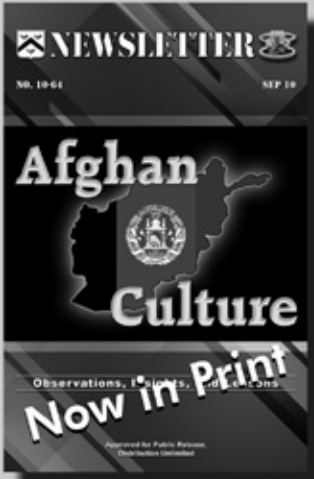
5. FM 3-24, para. A-16, A-3.

6. This is an example where a project might be counted as 100 percent expended and complete for the SIGIR report—and it would be accurate—yet the result is that the expenditure ultimately did not have the intended positive effect.

7. Normal rotations, insurgent activity, and new directions from new provincial reconstruction team leaders or military commanders accounted for some of this lack of monitoring and follow up.

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